



A REPORT
TO THE
MONTANA
LEGISLATURE

LEGISLATIVE AUDIT
DIVISION

20P-06

PERFORMANCE AUDIT

*Ensuring Montana's Child Care
Is Affordable, Accessible, and
Safe: Distribution of the Child
Care and Development Fund*

*Department of Public Health and
Human Services*

SEPTEMBER 2022

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Performance audits conducted by the Legislative Audit Division are designed to assess state government operations. From the audit work, a determination is made as to whether agencies and programs are accomplishing their purposes, and whether they can do so with greater efficiency and economy.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Members of the performance audit staff hold degrees in disciplines appropriate to the audit process.

Performance audits are conducted at the request of the Legislative Audit Committee, which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

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September 2022

The Legislative Audit Committee
of the Montana State Legislature:

This is our performance audit of the use and distribution of the Child Care and Development Fund (CCDF), managed by the Department of Public Health and Human Services (DPHHS).

This report provides the Legislature information about the decision-making process DPHHS uses to distribute CCDF funding to programs designed to make Montana child care affordable, accessible, and safe. This report includes recommendations to improve this process and strengthen the child care licensing process to better protect children attending a regulated child care. A written response from DPHHS is included at the end of the report.

We wish to express our appreciation to DPHHS personnel for their cooperation and assistance during the audit.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver
Legislative Auditor

TABLE OF CONTENTS

Figures and Tables.....	iii
Appointed and Administrative Officials	iv
Report Summary	S-1
CHAPTER I – INTRODUCTION AND BACKGROUND	1
Introduction	1
Background of Child Care Programs.....	1
Child Care Funding Sources.....	1
Child Care Expenditures.....	2
Subsidies Largest Expenditure Category	2
Regional CRRs Assist Both Parents and Child Care Providers.....	2
CCDF Designed to Improve Quality of Care for all Kids in Regulated Child Care	3
Types of Child Care	4
Audit Scope.....	4
Scope Limitation Relating to Survey Work.....	4
Audit Objectives and Methodologies	5
CHAPTER II – CCDF DECISION-MAKING NEEDS IMPROVEMENT	7
Introduction	7
Parent and Provider Surveys Illustrate Spectrum of Child Care Challenges	7
No Available Slots Top Reason Parents Cannot Send Kids to Child Care of Choice.....	7
Parents Frequently Receive “No Openings” Response	9
Affordability and Access Intertwined.....	9
Current CCDF Distribution Process	11
Current Best Beginnings Application Process	11
County Demographics Describe Population While Best Beginnings Eligibility Based on Individuals	11
Some Federal CCDF Distribution Based on State Demographics	12
Census Information Shows County Demographics Vary Widely	12
Thirty-Eight Counties Have Less Than One Percent of State’s 0-11 Population	12
Median Income Can Indicate Need.....	14
An Array of Demographic Information Should Be Reviewed.....	15
DPHHS Informally Considers County Child Care Subsidy Needs.....	15
A Variety of Demographic Information Can Be Used to Determine Child Care Subsidy Needs	15
Current Best Beginnings Distribution Differs from Demographic Need Indicators.....	16
Eligibility for Other Federal Programs Indicates Subsidy Need	17
Funding and Population Trends Indicate Child Care Program Funding Is Not Always Distributed Based on Need	18
CCDF Funding Success Goals and Measurements Needed	20
Plan Provides Guidance but not Context nor Measurable Goals	20
Context Needed in Plan Reporting	21
Needs Assessment and Strategic Plan Thorough but Have No Measurable Goals.....	21
Goal Setting and Measurement Are Best Practice for Program Management	22
Lack of Measurable Goals Creates Unclear Program Outcomes	22
Improper Payment Rate Reporting Includes Measurement Tools and Goals.....	22
DPHHS Management Working on Goals and Measurements	23

CHAPTER III – MORE WORK IS NEEDED TO PROTECT KIDS IN LICENSED CHILD CARE 25

Introduction.....	25
Survey Indicates Safety Top Concern of Parents.....	25
DPHHS Performs Variety of Background Checks to Keep Kids in Child Care Safe	25
Three SVOR Registrants Living Where Child Care Is Licensed to Be Provided.....	26
Department Staff Unclear About how to Respond to Information Received Outside	
Official Complaint Process	26
Specific Convictions Require Offenders to Registry on the SVOR.....	26
DPHHS Needs to Use all Available Tools Related to SVOR	26
DPHHS Compares Disclosed Individual Names to SVOR but not Child Care	
Addresses.....	26

DEPARTMENT RESPONSE

Department of Public Health and Human Services.....	A-1
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FIGURES AND TABLES

Figures

Figure 1	DPHHS Organizational Chart Related to Child Care Programs	1
Figure 2	Regional Child Care Resource and Referral Organization Boundaries.....	3
Figure 3	Parents' Inability to Use Preferred Child Care Facility Affects All Regions	8
Figure 4	Most Parents Told No Openings 1-5 Times	9
Figure 5	Some Providers in all Regions Indicate Likelihood to Match Best Beginnings Scholarship Rates	10
Figure 6	Providers Increased Rates in all Regions	10
Figure 7	Trends in CCDF Funding and 0-11 Population	19

Tables

Table 1	Child Care Program Funding Sources	1
Table 2	Child Care Program Expenditures.....	2
Table 3	Population of Children 0-11 by County	13
Table 4	Median Income by County.....	14
Table 5	Child Care Subsidy Payments per Child 0-11	16
Table 6	Comparison of Free Lunch Eligibility to Subsidy Funding.....	18

APPOINTED AND ADMINISTRATIVE OFFICIALS

The first list below identifies department officials in June 2022. Personnel changes have occurred since then as reflected in the second list.

**Department of Public
Health and Human
Services**

Adam Meier, Director

Erica Johnston, Economic Security Services Executive Director

Jamie Palagi, Administrator, Early Childhood and Family Support Division

Patty Butler, Chief, Early Childhood Services Bureau

Charlie Brereton, Director

Erica Johnston, Executive Director, Economic Security Services

Tracy Moseman, Administrator, Early Childhood and Family Support
Division

Patty Butler, Chief, Early Childhood Services Bureau



MONTANA LEGISLATIVE AUDIT DIVISION

PERFORMANCE AUDIT

Ensuring Montana's Child Care is Affordable, Accessible, and Safe: Distribution of the Child Care and Development Fund

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

A report to the Montana Legislature

BACKGROUND

The federal Child Care and Development Fund (CCDF) supports most state-administered child care programs in the country. Excluding pandemic-relief funding, Montana receives close to \$30 million in CCDF funding. Approximately \$9 million in state general fund and \$1 million in statutory appropriations went to child care programs in the state too.

Montana's child care programs include things like "Best Beginning Scholarships," subsidies for parents unable to afford child care, and ensuring the health and safety of child care attendees by licensing child care providers.

Agency:

Department of Public Health and Human Services (DPHHS)

Director:

Charlie Brereton

Program:

Child Care and Development Fund

Program FTE: 26

Program Revenue FY 2020:

\$30 million

Excluding Pandemic Relief

Program Expenses FY 2020:

\$30 million

Excluding Pandemic Relief

Excluding COVID-19 relief funds, DPHHS annually distributes approximately \$40 million for child care programs such as subsidies for families and child care provider licensing and training. Our work found the department makes limited use of available data in determining how to distribute funding to make most efficient and effective use of program resources. The department has few objective goals in its measurement tools relating to child care accessibility, affordability, and safety. In our work, we found three instances in which current child care licensing processes did not prevent the approval of a child care license at a location that a registrant on the Sexual or Violent Registry (SVOR) had identified as their residence.

KEY FINDINGS:

CCDF distribution not based on need. The distribution of child care subsidy funding is not based on need as identified through analysis of widely available demographic information. We found the department does not routinely review such demographic information in a documented and structured way, instead collecting and sharing information in an ad-hoc manner. Our work found a county's indication of need for child care assistance did not always match the level of funding received. Basing decisions on need is a common process used in the private sector and across all levels of government.

Goals and measurement tools needed to demonstrate effectiveness and efficiency. We reviewed three documents identified by the department as the routes used to identify success in the CCDF program and found they do not have the necessary elements of identified goals and measurement tools related to achieving them. The department also has not identified goals regarding making child care in Montana more accessible, affordable, and safe. Consequently, the department is unable to demonstrate its distribution of the fund is being done effectively. Goals and measuring progress toward those goals would make it possible for the department to demonstrate the funding distribution was done efficiently.

(continued on back)

For the full report or more information, contact the Legislative Audit Division.

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Licensing needs additional step in background checks and important training. The current child care licensing process needs an additional step to compare child care addresses with those of sexual and violent offenders. We identified three instances in which current child care licensing processes did not prevent the approval of a child care license at a location that a registrant on the Sexual or Violent Registry (SVOR) had identified as their residence.

RECOMMENDATIONS:

In this report, we issued the following recommendations:

To the department: 3

To the legislature: 0

RECOMMENDATION #1 (page 20):

Governance, risk assessment, and planning

We recommend the Department of Public Health and Human Services conduct and document annual assessments of child care needs based on demographic information of each county and use this data to inform funding distribution decisions.

Department response: **Concur**

RECOMMENDATION #2 (page 23):

Management and operational effectiveness

We recommend the Department of Public Health and Human Services develop and document measurable goals of CCDF-funded child care programs using the new annual county-level risk assessment and other inputs, including timelines, measurement tools, and target levels indicating success.

Department response: **Concur**

RECOMMENDATION #3 (page 27):

Management and operational effectiveness

We recommend the Department of Public Health and Human Services:

- A. Change child care license/renewal process to include a check of the child care address against the Sexual or Violent Offender Registry.
- B. Develop and document training and train staff on the correct action to take when information is received regarding a potentially dangerous situation at any child care.

Department response: **Concur**

Chapter I – Introduction and Background

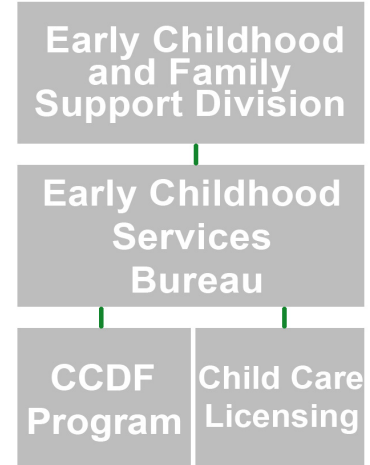
Introduction

The federal Child Care and Development Fund (CCDF) was created in 1998 and reauthorized in 2014. It supports most state-administered child care programs in the country. The CCDF is widespread in both amount of funding and geographical distribution. In calendar year 2020, \$8.2 billion was distributed among all states. Montana received \$30 million, excluding pandemic relief funding.

Background of Child Care Programs

The Early Childhood Services Bureau in the Early Childhood and Family Support Division (ECFSD) of the Department of Public Health and Human Services (DPHHS) administers the CCDF. Approximately 26 full-time equivalent positions work directly on CCDF programs such as subsidy distribution and licensing. Figure 1 is a DPHHS organizational chart related to the child care programs we analyzed for this audit

Figure 1
**DPHHS Organizational Chart
Related to Child Care Programs**



Source: Compiled by the
Legislative Audit Division
from department records.

Child Care Funding Sources

In addition to federal CCDF funding, state general and special revenue funds are also expended on Montana's child care programs. Table 1 details these funding sources.

Table 1
Child Care Program Funding Sources
Fiscal Year 2020

Source	Amount*
Federal CCDF Block Grant	\$29,608,000
State General Fund - needed for match and maintenance of effort	9,190,000
State Special Revenue - Statutory Appropriation	1,200,000
Total:	\$39,998,000

Source: Compiled by the Legislative Audit Division from department records.

*Excluding pandemic relief funding.

While Table 1 is specific to FY20, it is representative of recent annual funding for child care programs before the COVID-19 public health emergency. The largest of the three funding sources for child care programs is the federal CCDF funding at nearly \$30 million annually. States must provide match and maintenance of effort to receive CCDF funds. Montana spends \$9 million in General Fund and a \$1 million statutory appropriation each year to meet these requirements. The source of the statutory appropriations is a prevention and stabilization account created in 2002, §53-6-1101, Montana Code Annotated. The account must be used by DPHHS for specific programs; child care for low-income

families is second in order of priority. Passage of federal legislation in response to the COVID-19 emergency has resulted in more than \$112.5 million additional funding available for child care programs to date. However, our work excluded pandemic-relief funding to focus on the ongoing yearly distribution of the CCDF funding.

Child Care Expenditures

Expenditures for child care programs include child care subsidies for working families, licensing of child care facilities, and increasing the quality of care at all licensed child care facilities. Table 2 details these expenditures. The funding and expenditures for this program do not align precisely due to the CCDF plan covering a period of three years.

Table 2
Child Care Program Expenditures
Fiscal Year 2020

Expenditure	Amount
Best Beginnings Scholarships (subsidies)	\$23,358,040
Regional Child Care Resource and Referral Organizations (CCRRs)	6,553,440
Foster Care	4,654,990
Stars to Quality	4,227,900
Licensing	1,723,360
Infant and Toddler	1,316,270
Total	\$41,834,000

Source: Compiled by the Legislative Audit Division from department records.

Subsidies Largest Expenditure Category

The Best Beginnings Scholarship program is the largest child care expenditure category in Table 2. This subsidy program helps qualified parents pay for child care. In addition, child care for kids in foster care may be paid with CCDF subsidies. This expenditure is tracked separately from other subsidies and is the third largest category. Over a three-year period, the federal government requires these direct payments to providers on behalf of individuals to account for 70 percent of CCDF funding. This requirement is the heart of the CCDF program and continues to be the priority in terms of funding. Accordingly, our work focused on this category.

Regional CCRRs Assist Both Parents and Child Care Providers

The Early Childhood Services Bureau contracts with regional Child Care Resource and Referral (CCRR) organizations to assist in implementing CCDF programs closer to both child care providers and families seeking child care. Contracts with CCRRs is the second largest category of expenditure. There are seven regions in Montana as illustrated in Figure 2 (see page 3).

Figure 2
Regional Child Care Resource and Referral Organization Boundaries

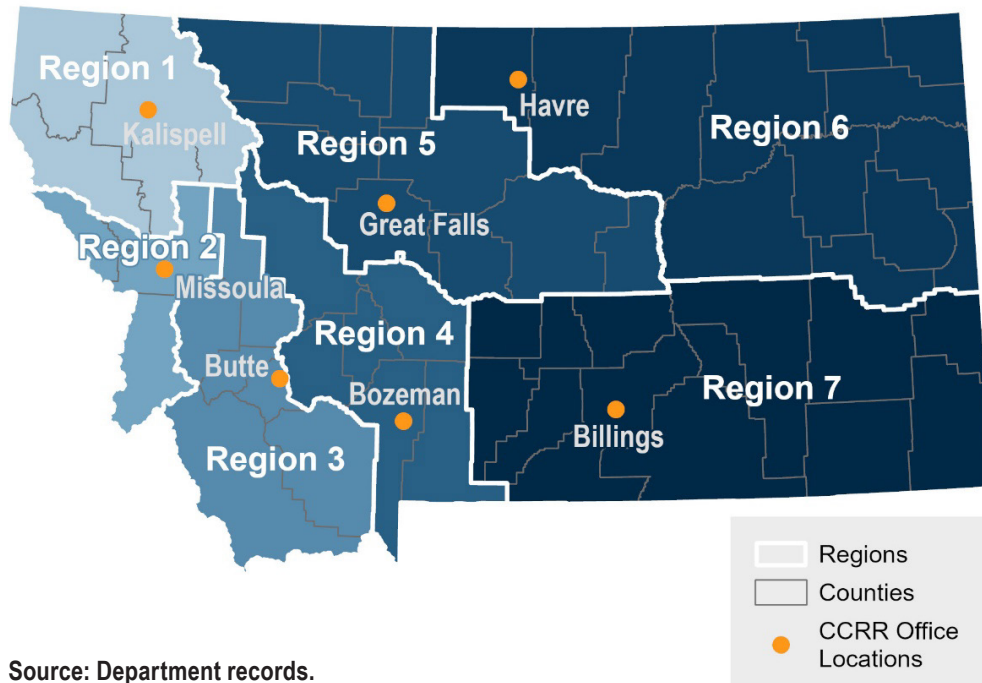


Figure 2 illustrates that the regions vary in several ways, such as the number of counties and geographic area. For example, Regions 6 and 7 encompass all eastern Montana and much of central Montana. They cover a large land area with all but one county, Yellowstone, generally having small populations. The needs of these regions are different than those of Region 4, which includes more densely populated counties such as Gallatin and Lewis and Clark.

CCDF Designed to Improve Quality of Care for all Kids in Regulated Child Care

In addition to subsidies, the federal government intends for CCDF funding to make investments in improving the quality of care for all children attending regulated child care. This accounts for the last three spending categories listed below.

- ◆ STARS to Quality Program is a voluntary quality rating and improvement system for providers. In 2020, the federal government requires 9 percent of CCDF funding be used for quality programs.
- ◆ Licensing monitors and inspects regulated childcare facilities. This function also establishes regulations for the health, safety, and well-being of the children in these facilities. The federal government requires numerous safety procedures in a state's licensing function, including background checks.
- ◆ Infant and toddler care requires providers to take special training, and generally costs more for parents because the allowable ratio of child care staff to each child is higher. To address this, the federal government requires states spend 3 percent of CCDF over a three-year period on infant and toddler quality programs.

Types of Child Care

There are five types of regulated child care facilities in Montana. Specific requirements for each type are found in administrative rule. Considerable information is available about the diverse types of child care and how each is regulated. These are important distinctions in many instances. However, these differences are less pertinent to this audit as our licensing work focused on background checks. All regulated child care providers in Montana must have background checks for staff and any person staying in the child care facility on a regular or frequent basis. For reading ease, throughout this report, we will use the terms “licensed” or “regulated” to mean any child care within DPHHS’s regulatory framework.

Audit Scope

We identified risk in the ability of DPHHS to measure and identify success in the administration of the CCDF. Our initial work identified that the department does not have a structured process by which it distributes CCDF funding. Accordingly, our work focused on assessing program success in the four specific policy areas listed below.

- ♦ Access
- ♦ Affordability
- ♦ Safety
- ♦ Choice

Our work began before the COVID-19 public health emergency. We concentrated our analysis on work before any additional pandemic-relief funding from the federal government was expended. Most of the data we reviewed and analyzed is from state fiscal year (FY) 2020.

Scope Limitation Relating to Survey Work

As part of our planning work, we identified a need to obtain input directly from families participating in the Best Beginnings Scholarship program via a survey. We asked the department to provide access to e-mail addresses of parents with children in the program as a means of contacting them and inviting them to take the survey. The department initially declined to provide the Legislative Audit Division (LAD) with the needed information, indicating it did not have permission from the parents to release their e-mails. The basis for the department’s refusal to provide us access to these records was a section of statute relating to public records. The department did provide several options for facilitating access to the records, but this approach would not have allowed us to independently verify the accuracy and completeness of the information in accordance with *Government Auditing Standards*. The department subsequently obtained additional information and after receiving advice from the Attorney General’s Office, agreed to provide LAD with the necessary information.

DPHHS also stated it could not provide the e-mail addresses LAD needed due to the age of its computer systems and the inability of the required tables to interact successfully and produce the addresses. LAD then requested direct access to the tables, and the LAD information systems audit team worked with the tables directly and other available data to produce a list of e-mail addresses of parents with children participating in the Best Beginnings Scholarship program. The technical challenges encountered by the department added time to the period during which we were unable to access the records.

From the point at which we originally requested this data to when we were able to access it, five months elapsed. During this time period, we could not determine whether the underlying data or any other system attributes were altered. As a result, we had limited ability to test the reliability of the data. We ultimately elected to use the available data as part of our survey methodology, but the delay in providing us access constitutes a scope limitation, of which users of this report should be aware.

Audit Objectives and Methodologies

Objective: Does the Department of Public Health and Human Services efficiently and effectively distribute Child Care and Development Fund resources to support Montanans' access to affordable and safe child care of their choice?

We completed the following work to address our audit objective:

- ♦ Surveyed child care families to determine program priorities and satisfaction. The parent population size was 1,121 and we received 130 responses, for a response rate of 12 percent.
- ♦ Surveyed child care providers to determine program priorities and satisfaction. The provider population size was 995 and we received 253 responses, for a response rate of 25 percent.
- ♦ Interviewed CCRR management and staff in seven CCRRs, including field visits to four regions.
 - » Region 1 in Kalispell
 - » Region 2 in Missoula
 - » Region 4 in Bozeman
 - » Region 7 in Billings
- ♦ Acquired all addresses on Montana's Sexual and Violent Offender Registry (SVOR) to compare to child care addresses.
- ♦ Interviewed DPHHS management and staff to determine various processes used to make decisions.
- ♦ Interviewed staff, and reviewed documents related to child care programs in the following six states.
 - » Idaho
 - » North Dakota
 - » New Mexico
 - » South Dakota
 - » Utah
 - » Wyoming
- ♦ Interviewed local, state, and national stakeholder groups and early childhood organizations regarding child care programs to discover best practices related to CCDF distribution, child care access, affordability, and choice.
- ♦ Identified gaps between child care needs and the supply of child care from DPHHS licensing information and demographic data from the Census Bureau.
- ♦ Acquired and analyzed data from Statewide Accounting, Budgeting, and Human Resources Systems and DPHHS records regarding CCDF and other child care funding for fiscal years 2016-2020 to determine patterns and trends in CCDF funding.

Chapter II – CCDF Decision-Making Needs Improvement

Introduction

The Department of Public Health and Human Service's (DPHHS) current distribution of the Best Beginnings Scholarships (subsidies) funding is not strictly based on need, as identified through our analysis of widely available demographic information. Our work found the department does not routinely review demographic information and trends in a documented and structured way. Consideration of this kind of information when making Best Beginning policy and other funding decisions would demonstrate work toward an effective distribution of child care subsidies. We recommend DPHHS add this information to its decision-making process related to child care subsidy funding distribution.

We also found the department has not identified measurable goals designed to make child care in Montana more accessible, affordable, and safe. Consequently, the department is unable to demonstrate that its distribution of the child care subsidies is being done to maximum effect. Establishing goals and measuring progress would make it possible to demonstrate the funding distribution is done efficiently. Our work found the department cannot currently demonstrate it effectively and efficiently distributes Child Care and Development Fund (CCDF) resources to support Montanans' access to affordable and safe child care of their choice.

Parent and Provider Surveys Illustrate Spectrum of Child Care Challenges

Our surveys revealed a variety of unmet needs related to child care, most of which depend on where a family is living. Some relate to child care affordability. There are areas where the local cost of living makes qualifying for subsidies impossible. Other concerns relate to access. Some counties have a small population and very few child care options. Parents in larger population counties have access problems too. There are child care facilities in the area but have no openings. Some may have openings, but the parents are concerned about the safety at those facilities.

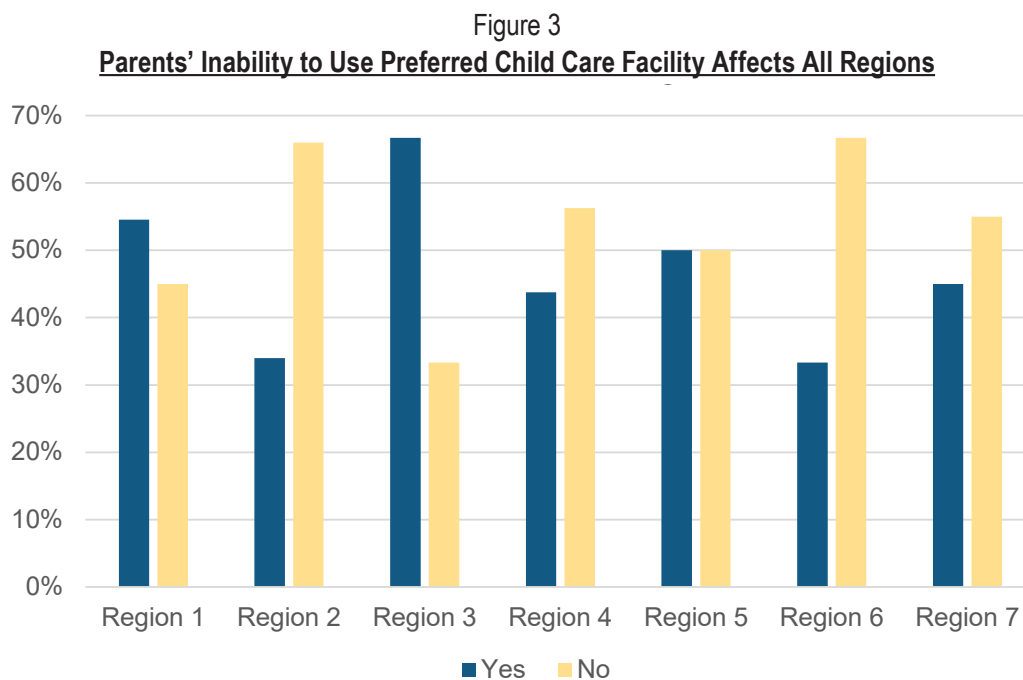
Child care providers face many challenges too. A chronic shortage of qualified staff in some areas reduces a provider's ability to offer as many slots for kids as they would prefer. It is difficult for child care providers to maintain a child care facility in areas of low population as they may not know if they will consistently have the number of kids necessary to keep the facility operating.

No Available Slots Top Reason Parents Cannot Send Kids to Child Care of Choice

The CCDF reauthorization in 2014 put emphasis on parental choice of child care, stating one purpose of the CCDF is "to promote parental choice to empower working parents to make their own decisions regarding the child care services that best suits their family's needs." In our survey, we asked parents if

they have always been able to enroll their child at the specific child care facility they preferred. Figure 3 details the answers received by region. The counties comprising the seven Child Care Resource and Referral (CCRR) regions are listed here.

- ◆ **Region 1:** Flathead, Lake, Lincoln, Sanders
- ◆ **Region 2:** Mineral, Missoula, Ravalli
- ◆ **Region 3:** Beaverhead, Deer Lodge, Granite, Madison, Powell, Silver Bow
- ◆ **Region 4:** Broadwater, Gallatin, Jefferson, Lewis & Clark, Meagher, Park
- ◆ **Region 5:** Cascade, Chouteau, Fergus, Glacier, Judith Basin, Petroleum, Pondera, Teton, Toole
- ◆ **Region 6:** Blaine, Daniels, Dawson, Garfield, McCone, Hill, Liberty, Phillips, Prairie, Richland, Roosevelt, Sheridan, Valley, Wibaux
- ◆ **Region 7:** Big Horn, Carbon, Carter, Custer, Fallon, Golden Valley, Musselshell, Powder River, Rosebud, Stillwater, Sweet Grass, Treasure, Wheatland, Yellowstone



Source: Compiled by the Legislative Audit Division from Parent Child Care Survey responses.

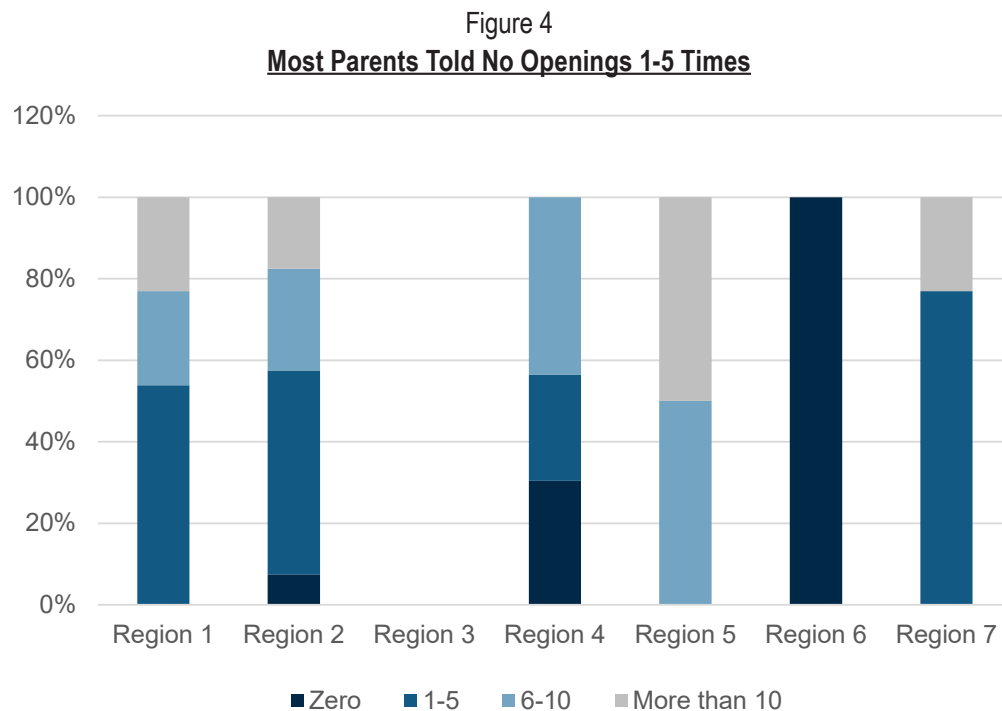
The blue columns indicate the percentages of yes responses received from the region to the question; yellow is the percentage of no responses in that region. Region 5 has equal-sized columns, meaning half of the parents responding in that region said yes, and half said no. Low response rates caution against generalization but among our respondents, those parents from each region responded with a mix of yes and no, with region 2 and 6 parents having the hardest time sending their child to their preferred child care choice.

In response to the open-ended survey question why parents believe they were unable to enroll their child at the child care they preferred, all stated access was part of the problem; there are no openings.

For most, that was their single response. A few indicated access along with concerns about quality and safety.

Parents Frequently Receive “No Openings” Response

To better understand the magnitude of parents’ access concerns, we also asked parents, “In 2018-2019 (Pre-COVID), how many times did you contact child care providers to enroll your child, and found there were no openings?” Figure 4 includes the results by region.



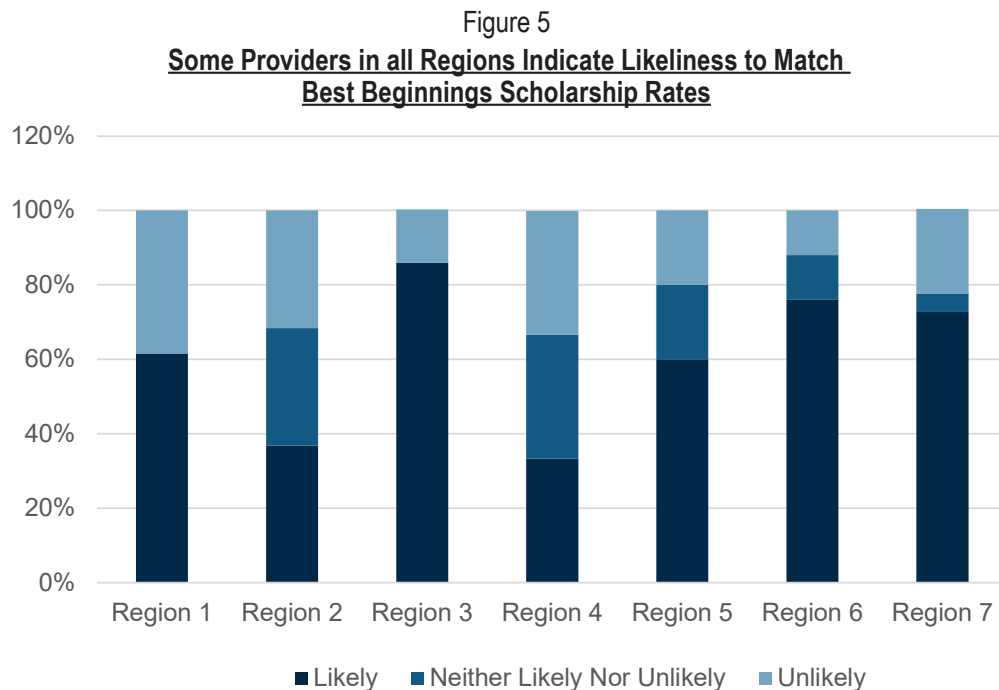
Source: Compiled by the Legislative Audit Division from Parent Child Care Survey responses.

This figure matches up with other studies indicating there is a lack of access to child care in Montana. A CCRR staff person described child care choice this way, parents cannot have a choice in their child care facility selection unless they first have access to child care. To maximize survey response opportunities, parents and providers taking our surveys were not required to respond to all questions. No responses were received from Region 3 for this question. Of the responses we did receive, in Region 6 parents were able to enroll their child in facilities they contacted. In contrast, Region 5 respondents stated they heard there were no openings at a child care facility either 6-10 times or more than 10 times.

Affordability and Access Intertwined

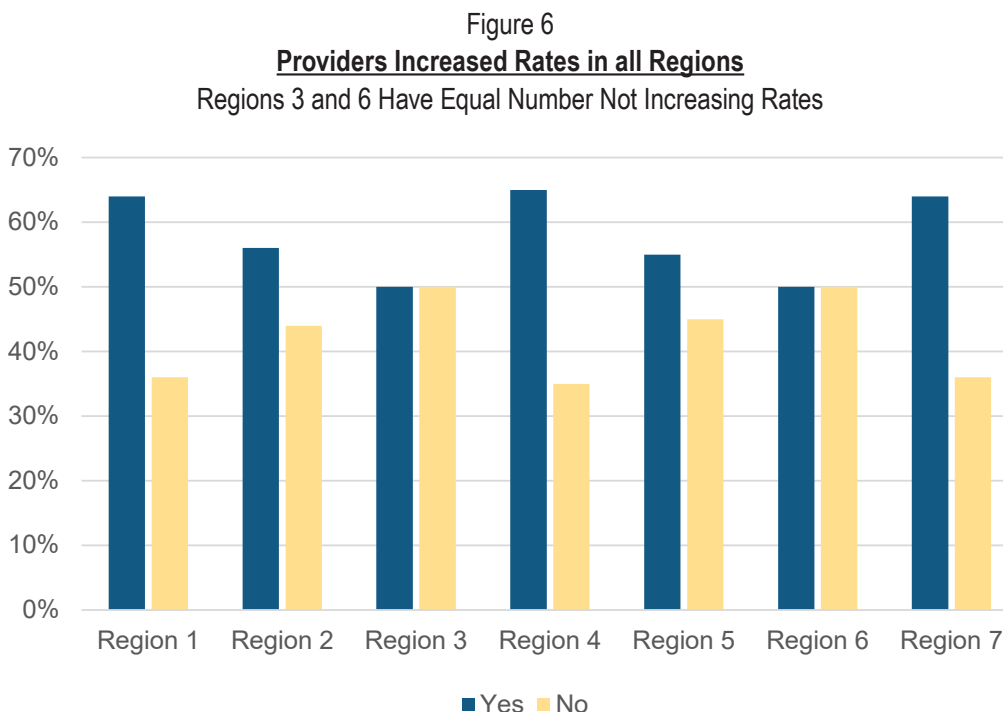
For parents, inability to pay for the child care they do have access to is the same as not having access to child care. The Best Beginnings child care subsidy program is designed to address this for eligible families. The rate Best Beginnings pays providers for children in the program is based on a market rate survey conducted by Montana State University Extension. Rates vary by type of facility and age of the child. In 2020, the all-day rate for a 3-year-old in a larger center type of child care was \$45, while a smaller group home rate is \$35. To assess if the Best Beginnings Scholarship payment rate affects rates charged by providers for kids not in Best Beginnings, we asked providers the following question: “How

likely are you to match your rates to the Best Beginnings scholarship rate?” The responses are broken out by region in Figure 5.



Source: Compiled by the Legislative Audit Division from Child Care Provider Survey responses.

Our survey respondents in most regions indicated a mix of all categories. The darkest blue represents likelihood to match their rates to the Best Beginnings Rates and is the dominant response in each region. To further explore child care rates, we asked providers, “Did you need to increase your rates during 2018-2019 (pre-COVID)?” Figure 6 illustrates responses broken out by region.



Source: Compiled by the Legislative Audit Division from Child Care Provider Survey responses.

Providers in all regions responded that they had raised their rates prior to the pandemic. Regions 3 and 6 have an equal number of respondents increasing rates as those not increasing rates. The remaining regions have more responses from providers increasing rates compared to those not increasing rates.

Current CCDF Distribution Process

The current process to determine the annual distribution of the CCDF funding includes an Early Childhood Services Bureau meeting to determine how it will meet overall federal requirements and any additional requirements related to the CCDF State Plan. The 300-page plan serves as a 3-year contract between the department and the federal government regarding child care programs. Draft plans are shared with the public and DPHHS receives public comment regarding it before they are approved. However, we found little to tie the 3-year State Plan to the department's annual spending decisions. There was no documentation of how they are related, such as a summary sheet of plan requirements that is consulted when determining funding decisions. After staff determine if federal requirements will be met in the distribution plan, it is sent to the director for approval. When asked what criteria is used to distribute the funding, department staff and management reported that criteria is not used as each 1-year period is unique, and criteria developed for one time period may not address the needs of the programs in a different time period.

Current Best Beginnings Application Process

To apply for the best beginnings scholarship, a child's family must complete an application. Once submitted, the local Child Care Referral and Resource (CCRR) organizations determine if the applicant is eligible. Eligibility is based on age of the child, the family's income and work, and school status. The CCRRs submit the files of eligible applicants to DPHHS which transfers the subsidy money. In most instances, the money is sent directly to the child care provider on behalf of the family. The CCRRs are also tasked with working directly with individuals and communities in their region to increase awareness of child care programs, including Best Beginnings. Currently, less than 30 percent of families estimated to be eligible for the program are participating in the subsidies program.

County Demographics Describe Population While Best Beginnings Eligibility Based on Individuals

Best Beginning Scholarships are distributed to families based on eligibility primarily determined by the federal government. Our work focused on demographic characteristics of the population living in the counties, not the eligibility of individuals. For example, a county with high indicators of poverty, such as low median income, will likely translate to a high need for child care subsidies. Suppose the county is not receiving subsidies close to what indicators predict. In that case, a change in approach may be necessary regarding how information about the program is getting out in the community. To explore this idea further, we reviewed various characteristics of counties and compared them to the current level of subsidy funding sent to families in the county.

Some Federal CCDF Distribution Based on State Demographics

The federal government looks at several factors when determining the amount of CCDF funding to award to each state. One factor used is three specific demographics of the state. They are:

1. Number of children younger than age 5
2. Number of children receiving free lunch
3. The state's per capita income

In our work we also used population of children, number of kids receiving free lunch, income, and other demographic information as indicators of a county's need for child care subsidies.

Census Information Shows County Demographics Vary Widely

Montana's counties differ in several ways, including physical size, population size, and income. This information is readily available from United States Census Bureau. The Montana Department of Commerce's Census and Economic Information Center can assist in navigating the census information. Kids Count, a widely accepted source of child and family information, uses Census Bureau information to create data sets related to child care issues.

Thirty-Eight Counties Have Less Than One Percent of State's 0-11 Population

One way Montana varies from county to county is the population size of those most likely to need child care, children aged 0-11. Table 3 (see page 13) lists the 0-11 populations by county.

Table 3
Population of Children 0-11 by County

County	Population Kids 0-11	% of State Population	County	Population Kids 0-11	% of State Population
Yellowstone	24,566	16.30%	Pondera	927	0.62%
Gallatin	15,044	9.98%	Madison	903	0.60%
Flathead	14,907	9.89%	Broadwater	820	0.54%
Missoula	14,491	9.62%	Deer Lodge	748	0.50%
Cascade	12,375	8.21%	Chouteau	732	0.49%
Lewis & Clark	9,961	6.61%	Toole	698	0.46%
Ravalli	5,238	3.48%	Powell	662	0.44%
Silver Bow	4,818	3.20%	Phillips	592	0.39%
Lake	4,517	3.00%	Mineral	551	0.37%
Hill	3,254	2.16%	Musselshell	540	0.36%
Big Horn	2,875	1.91%	Fallon	491	0.33%
Glacier	2,874	1.91%	Sheridan	447	0.30%
Roosevelt	2,518	1.67%	Sweet Grass	425	0.28%
Lincoln	2,264	1.50%	Liberty	332	0.22%
Richland	1,873	1.24%	Wheatland	329	0.22%
Park	1,865	1.24%	Granite	304	0.20%
Rosebud	1,708	1.13%	Judith Basin	266	0.18%
Fergus	1,526	1.01%	Meagher	244	0.16%
Custer	1,498	0.99%	Daniels	233	0.15%
Jefferson	1,498	0.99%	McCone	222	0.15%
Sanders	1,341	0.89%	Carter	201	0.13%
Blaine	1,310	0.87%	Garfield	192	0.13%
Stillwater	1,246	0.83%	Powder River	173	0.11%
Dawson	1,207	0.80%	Prairie	162	0.11%
Carbon	1,184	0.79%	Treasure	133	0.09%
Valley	1,078	0.72%	Wibaux	127	0.08%
Teton	1,043	0.69%	Golden Valley	99	0.07%
Beaverhead	1,002	0.66%	Petroleum	49	0.03%

Source: Compiled by the Legislative Audit Division from Kids Count and Census Bureau records.

As seen in Table 3, the county population of kids aged 0-11 varies from a high of 24,566 in Yellowstone County to Petroleum County's 49. Looking at this information, a likely conclusion is that Yellowstone County residents have a greater need for child care subsidies than other counties because most kids aged 0-11 live there. In contrast, those counties with less than 1 percent of the state's total 0-11 population have a lower need for child care assistance because they generally have a lower need for child care.

Median Income Can Indicate Need

The next table illustrates another way to use demographic information to determine child care assistance need, median income. Table 4 lists the median income of all counties.

Table 4
Median Income by County

County	Median Income	County	Median Income
Gallatin	\$73,731	Judith Basin	\$49,401
Jefferson	\$70,929	Powell	\$49,387
Richland	\$69,095	Custer	\$49,379
Stillwater	\$68,186	Silver Bow	\$49,249
Lewis & Clark	\$66,075	Carter	\$49,057
Fallon	\$65,651	Lake	\$49,019
Yellowstone	\$61,435	Fergus	\$48,703
Flathead	\$61,334	McCone	\$48,551
Broadwater	\$60,622	Pondera	\$48,542
Rosebud	\$58,139	Musselshell	\$48,290
Carbon	\$57,585	Chouteau	\$48,017
Missoula	\$57,279	Powder River	\$47,843
Ravalli	\$57,209	Phillips	\$47,679
Dawson	\$56,677	Prairie	\$46,663
Madison	\$56,579	Sanders	\$45,193
Sweet Grass	\$55,259	Blaine	\$44,090
Teton	\$54,458	Meagher	\$43,946
Hill	\$51,881	Mineral	\$43,928
Valley	\$51,869	Big Horn	\$43,718
Treasure	\$51,754	Lincoln	\$43,669
Park	\$51,740	Garfield	\$43,106
Cascade	\$51,732	Petroleum	\$42,081
Wibaux	\$51,145	Wheatland	\$42,059
Sheridan	\$51,111	Glacier	\$41,808
Daniels	\$50,001	Deer Lodge	\$41,780
Beaverhead	\$49,771	Liberty	\$41,240
Granite	\$49,646	Golden Valley	\$40,469
Toole	\$49,448	Roosevelt	\$38,409

Source: Compiled by the Legislative Audit Division from Kids Count and Census Bureau records.

It is generally the case that families in a county with a higher median income are less likely to qualify for child care assistance. In contrast, lower median income counties will likely have more people qualifying for assistance. Table 4 indicates a difference of more than \$35,000 separates the highest median household income in Gallatin County at \$73,731 from Roosevelt County at \$38,409.

An Array of Demographic Information Should Be Reviewed

A review of Table 4 may suggest Gallatin County does not have a large need for child care assistance programs because of the county's high median income. However, Table 3 (see page 13) indicates Gallatin County has almost 10 percent of the 0-11 population of the state, so it should have a need for child care subsidies because the large number of kids generates the need for child care generally. There is no way to get a clear picture without additional information. In Table 5 (see page 16), we review per capita subsidy funding which indicates Gallatin County has a much lower rate at \$76 compared to other large population counties. In Figure 7 (see page 19), we find Gallatin County has seen a reduction in the subsidy funding it receives. All of these indicators taken together reveals something out of the ordinary is occurring. Both DPHHS and CCRR staff stated the cost of living in Bozeman is affecting lower-income families' ability to access needed child care assistance. Lower-income families are making wages necessary to live in Bozeman, but this wage level also disqualifies them from child care assistance programs like Best Beginnings Scholarships. This phenomenon is well-known, but it is not currently being directly addressed. Without routinely reviewing demographic data like this, it is not possible for the department to understand child care needs at a local level.

DPHHS Informally Considers County Child Care Subsidy Needs

In interviews, DPHHS staff indicated a regular review of demographic information could provide insight they do not have now. However, their priorities are meeting federal requirements and often do not have time to devote to activities outside of that priority. They also depend on staff in the regional CCRRs to share specific information regarding situations out in the counties. When asked about this, CCRR staff indicated they are most familiar with the child care needs of counties because they interact directly with providers and families daily and pass this information along to the department. However, we found the information from these ad hoc assessments by CCRRs is not centrally documented by the department and, therefore, cannot be consistently reviewed in a broader, state-wide context. This is not a situation in which DPHHS staff can easily compare counties' specific child care needs and prioritize where the need is the greatest, in part, based on that information. A review of a collection of current demographic information from the Census Bureau would better provide this insight.

A Variety of Demographic Information Can Be Used to Determine Child Care Subsidy Needs

Population, median income, and other demographic information are not precise indicators of where the need for child care subsidies is highest, but taken together, they can provide insight to situations on the ground for families across the state that is not being accessed currently by the department.

We reviewed various kinds of county demographic information and utilized it to determine reasonable indicators of need for child care subsidies by a county's residents. We then compared the indicators of each county to the current distribution of child care subsidies. The demographic information we used for comparison is an imperfect but sound way to compare child care subsidy need in a county to the current level of subsidies going to counties. The comparison examples we use are not prescriptive. We are not advocating the department use only the specific data factors we considered. Rather, we are providing reasonable examples of ways the demographic information can be analyzed, and what we found from our analysis.

We acknowledge no single demographic data point will provide the necessary information to determine the need for child care assistance. A collection of demographic and other information would provide the best insight. As child care policy experts, department staff are best equipped to determine which specific demographics should be compared among counties to give the best information regarding child care subsidy needs.

Current Best Beginnings Distribution Differs from Demographic Need Indicators

To more easily compare counties, we developed a per capita figure for each. We took the population of children 0-11 in each county and divided it by the amount of Best Beginnings Scholarship funding distributed to families in the counties. The results are listed in Table 5.

Table 5
Child Care Subsidy Payments per Child 0-11

County	Subsidy Dollar per Child 0-11	County	Subsidy Dollar per Child 0-11
Silver Bow	\$380	Fergus	\$68
Yellowstone	\$373	Valley	\$66
Cascade	\$309	Richland	\$65
Daniels	\$302	Phillips	\$52
Missoula	\$250	Sheridan	\$52
Lake	\$240	Prairie	\$51
Toole	\$206	Wheatland	\$43
Lewis and Clark	\$199	Pondera	\$40
Deer Lodge	\$195	Glacier	\$33
Golden Valley	\$193	Liberty	\$32
Lincoln	\$190	Sanders	\$30
Jefferson	\$175	Roosevelt	\$27
Powell	\$174	Blaine	\$19
Ravalli	\$155	Madison	\$13
Beaverhead	\$151	Chouteau	\$12
Custer	\$149	Powder River	\$3
Dawson	\$142	Broadwater	\$1
Hill	\$134	Carter	\$0
Flathead	\$112	Fallon	\$0
Stillwater	\$107	Garfield	\$0
Big Horn	\$98	Granite	\$0
Carbon	\$98	Judith Basin	\$0
Musselshell	\$95	McCone	\$0
Mineral	\$86	Meagher	\$0
Park	\$83	Petroleum	\$0
Sweetgrass	\$80	Teton	\$0
Rosebud	\$77	Treasure	\$0
Gallatin	\$76	Wibaux	\$0

Source: Compiled by the Legislative Audit Division from Kids Count and Census Bureau records.

Table 5 illustrates there are large per capita differences among the counties.

- ◆ 4 counties receive more than \$300 per child 0-11
- ◆ 3 receive \$200-\$299 per child 0-11
- ◆ 13 receive \$100-\$199 per child 0-11
- ◆ 25 receive \$1-\$99 per child 0-11
- ◆ 11 receive no CCDF funding

The table does not mean each child in the county receives the amount listed, nor does it mean there are no reasonable explanations for some differences in the amount of child care funding distribution. Instead, the table provides an example of the insight currently not considered by the department when making decisions regarding the distribution of subsidy funding.

Eligibility for Other Federal Programs Indicates Subsidy Need

Another way to gauge child care assistance need is to review the number of kids in a county eligible to receive free lunch in public schools. This indicator encompasses other indicators of subsidy needs in a county. Children in the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) programs are eligible for free school lunches. Families receiving commodity assistance through food distribution programs in American Indian tribal areas are also automatically eligible for the free lunch program. There are numerous issues that may keep an eligible family from participating in the Best Beginnings subsidy program. These include lack of child care access and lack of knowledge regarding the program. Both of which the Child Care and Development Fund (CCDF) is designed to assist states in addressing. We wanted to know how the number of kids eligible for free lunch compared to the amount of funding for child care assistance coming to the county. It is reasonable to expect counties with a lot of kids eligible for free lunch to also receive substantial child care assistance, as free lunch eligibility is an accepted indicator of poverty. To make meaningful comparison possible, for each county, we used a percentage of all the kids in Montana eligible for free lunch programs. We did the same thing with funding. We used a percentage of all child care subsidies in the state. These comparisons are listed in Table 6 (see page 18).

Table 6
Comparison of Free Lunch Eligibility to Subsidy Funding

County	% Eligible for Free Lunch Program	% Subsidy Funding Distributed	Difference	County	% Eligible for Free Lunch Program	% Subsidy Funding Distributed	Difference
Yellowstone	17.30%	31.67%	-14.37%	Richland	0.74%	0.42%	0.33%
Missoula	4.85%	12.53%	-7.68%	Custer	1.08%	0.77%	0.31%
Cascade	9.39%	13.23%	-3.84%	Musselshell	0.45%	0.18%	0.28%
Glacier	3.77%	0.33%	3.44%	Wheatland	0.30%	0.05%	0.25%
Big Horn	4.19%	0.97%	3.21%	Granite	0.21%	0.00%	0.21%
Roosevelt	3.37%	0.24%	3.13%	Meagher	0.21%	0.00%	0.21%
Silver Bow	3.44%	6.32%	-2.88%	Fallon	0.19%	0.00%	0.19%
Flathead	8.33%	5.77%	2.56%	Sheridan	0.26%	0.08%	0.18%
Lewis & Clark	5.15%	6.84%	-1.69%	Daniels	0.09%	0.24%	-0.16%
Hill	3.18%	1.51%	1.67%	Dawson	0.46%	0.59%	-0.13%
Lake	5.26%	3.75%	1.52%	Judith Basin	0.13%	0.00%	0.13%
Sanders	1.57%	0.14%	1.43%	Carter	0.12%	0.00%	0.12%
Blaine	1.51%	0.09%	1.42%	Powder River	0.12%	0.00%	0.12%
Rosebud	1.64%	0.46%	1.19%	Jefferson	0.79%	0.91%	-0.11%
Ravalli	3.96%	2.80%	1.16%	McCone	0.11%	0.00%	0.11%
Mineral	0.99%	0.16%	0.82%	Beaverhead	0.63%	0.52%	0.11%
Teton	0.74%	0.00%	0.74%	Liberty	0.14%	0.04%	0.10%
Fergus	1.05%	0.36%	0.69%	Toole	0.40%	0.50%	-0.09%
Lincoln	2.15%	1.49%	0.66%	Powell	0.48%	0.40%	0.08%
Pondera	0.75%	0.13%	0.62%	Wibaux	0.08%	0.00%	0.08%
Park	1.07%	0.53%	0.54%	Prairie	0.09%	0.03%	0.06%
Valley	0.75%	0.24%	0.50%	Petroleum	0.06%	0.00%	0.06%
Deer Lodge	0.98%	0.51%	0.48%	Sweet Grass	0.18%	0.12%	0.06%
Phillips	0.56%	0.11%	0.45%	Garfield	0.06%	0.00%	0.06%
Chouteau	0.42%	0.03%	0.39%	Treasure	0.06%	0.00%	0.06%
Carbon	0.78%	0.40%	0.38%	Stillwater	0.52%	0.46%	0.05%
Broadwater	0.36%	0.00%	0.35%	Gallatin	4.01%	3.97%	0.04%
Madison	0.39%	0.04%	0.35%	Golden Valley	0.10%	0.07%	0.03%

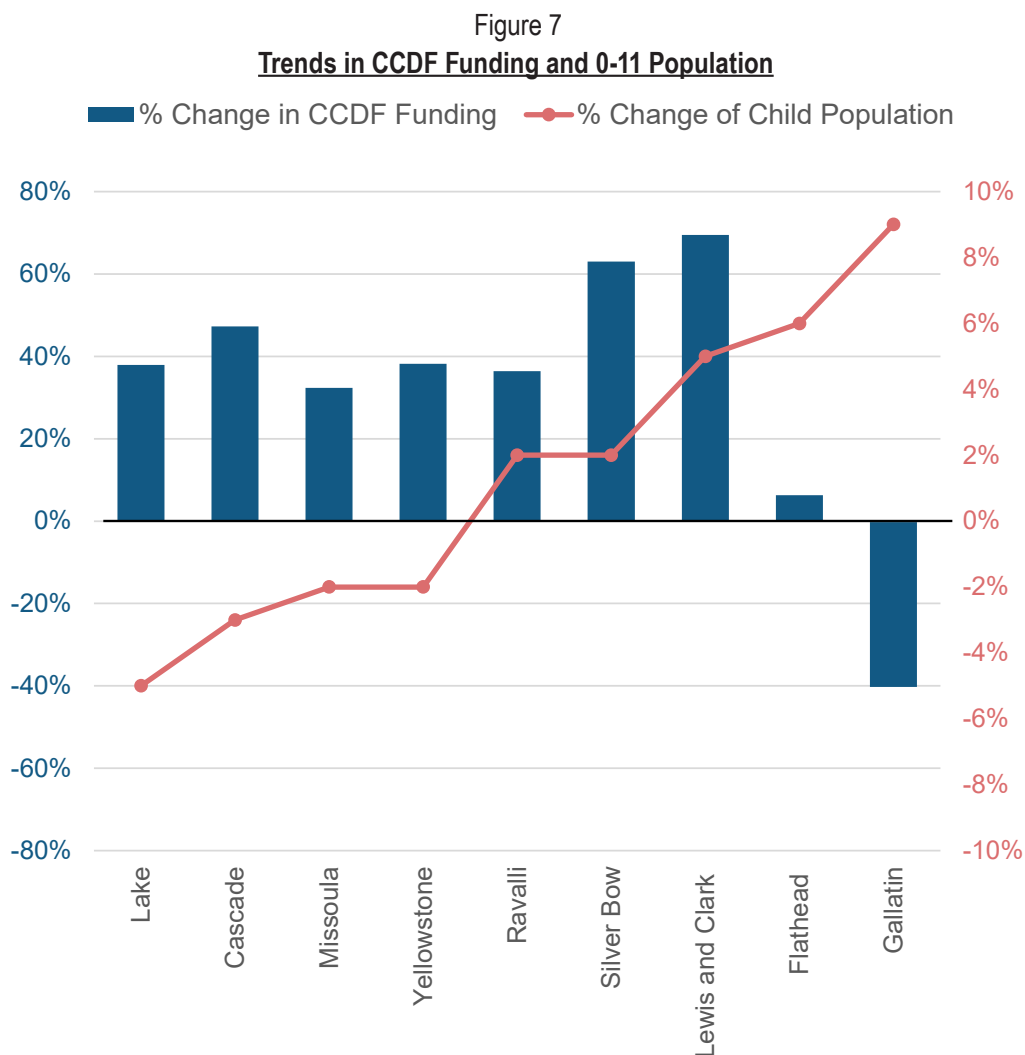
Source: Compiled by the Legislative Audit Division from department, Kids Count, and Census Bureau records.

Many comparisons in Table 6 show similar percentages, with most counties varying by two points or less. Seven counties have more than two but less than four points differences. However, considerable differences occur in two counties, Yellowstone (differing by more than 14) and Missoula (differing by more than 7.5). The source of these discrepancies is unclear, meriting a discussion at the department. However, without review of county demographics, it is impossible for program managers to know these kinds of discrepancies exist.

Funding and Population Trends Indicate Child Care Program Funding Is Not Always Distributed Based on Need

Another way demographic information can help inform decision-making related to child care programs is to look at trends over time. An increase in the population of children 0-11 likely results in a greater need for child care, and child care assistance in the county, resulting in increased subsidies funding.

There are nine counties receiving more than \$1 million in child care subsidies every year. Figure 7 illustrates the change in 0-11 population in those nine counties as well as the change in child care subsidy funding for the same period. Blue indicates the percentage change in funding from 2014-2020, while red is this change in 0-11 population.



Source: Compiled by the Legislative Audit Division from department, Kids Count, and Census Bureau records.

This figure indicates under the current CCDF decision-making process structure, from 2014 to 2020, Gallatin County experienced an increase of 9 percent in the population of kids 0-11, the demographic group most likely to need child care. It was the most significant percentage increase in this group of counties. While during the same period, Gallatin's CCDF funding decreased by more than \$775,000 or 40 percent. Also, from 2014-2020 Flathead County's population of kids 0-11 increased by almost 900, a 6 percent increase. In contrast to Gallatin County, Flathead County experienced a 6 percent increase in CCDF funding. Our discussion about this with the department centered on the high cost of living in the Bozeman area discussed earlier.

Montana has not explored demographic-based allocation models that may more efficiently distribute the fund's limited resources and allow more Montana families to access child care. Statistics on income and poverty and other measures of participation in various assistance programs across the state could provide a road map for the department to deliver child care support to places it is most needed.

RECOMMENDATION #1

We recommend the Department of Public Health and Human Services conduct and document annual assessments of child care needs based on demographic information of each county, and use this data to inform funding distribution decisions.

CCDF Funding Success Goals and Measurements Needed

In our review of the decision-making process related to CCDF distribution, we found no goals or measurement tools to gauge program impacts. From 2014-2020, the department distributed \$179 million in CCDF funding throughout the state. When staff were asked how they measure success with CCDF funding, they referred to three documents.

- ♦ The CCDF Plan, which functions as a 3-year contract between the department and federal government describing how to implement CCDF.
- ♦ Progress reports submitted to the federal government in fulfillment of requirements in the CCDF plan.
- ♦ Childhood Services Needs Assessment and Strategic Plan, a project designed to develop the state's comprehensive early childhood system to support early learning and development. The assessment and plan address issues related to access, quality, workforce coordination, family engagement, commitment, and governance.

While all three documents have extensive information providing solid guidance, none include specific measurable goals related to the distribution of CCDF, and there is no information about how the department defines success.

Plan Provides Guidance but not Context nor Measurable Goals

In March 2022, the federal Government Accountability Office (GAO) found that 43 submitted state CCDF plans did not report the results of certain fraud prevention activities. All states reported what activities occurred but not the results, which are also required. Nor did the Office of Child Care (OCC), when reviewing the plans, respond negatively to this lack of required information. The GAO said the OCC needs to communicate its informational needs more clearly. This is analogous to what we found regarding the Montana plan and its corresponding reports. Information regarding CCDF activities is included in these documents, but there are no defined targets or benchmarks and thus no ability to measure the success of the activities. For example, in the 2020 Montana CCDF state plan, we found a required progress update regarding specific training for child care staff to become qualified to care for infants and toddlers. There is a chronic shortage of child care slots for these age groups; both

child care providers and parents responded to our surveys stating it is an issue. Because of this shortage, states can offer incentives for individuals to take this training and increase the likelihood that more infant and toddler slots will develop. Instructions in the plan state:

“Describe the measures used and progress...made during...the last federal fiscal year. Include examples and numeric targets where possible.”

In part, the department responded:

- ♦ 165 individuals across the state completed the 60-hour Certified Infant Toddler Caregiver Course.
- ♦ 98 individuals received a stipend award after completing the course and meeting other requirements.
- ♦ 143 individuals received a one-time award for completing the course and meeting other requirements.

This response is slightly informative, but it lacks context and any indication of the trends in infant and toddler care availability. For example, has participation increased due to the department promoting attendance at this training? In addition to learning that 165 individuals attended the course, knowing the overall number of individuals eligible to take the course and how many individuals have taken it in previous years would give the department the ability to review several other things. The department could determine how successful efforts, such as the stipend and one-time award, were in increasing attendance at the training and growing the number of infant and toddler child care slots available to families in the state. Knowing 143 (86 percent) of the 165 taking the course received the one-time award is interesting, but more interesting is why the remaining 14 percent did not. How can the award be structured so more child care providers and staff can take advantage of it and increase attendance next year? With more information and context, such as the number of individuals eligible to attend and data related to availability trends, the department could set a percentage attendance goal for the next training and a goal regarding an increase in infant and toddler availability.

Context Needed in Plan Reporting

When asked how CCDF success is measured, department staff mentioned they use the CCDF plan. However, our review of the plan and reports required by it found it is impossible to measure success using the information found in these documents. The above infant and toddler training and its incentives exemplify the contextual information needed to use the plan to measure success. There are other examples throughout the 300-plus page plan where the additional context would allow the department to plan and measure success. This example is not provided to indicate the department should provide additional context on this specific training. Department staff are best equipped to determine which parts of the plan need context to measure success.

Needs Assessment and Strategic Plan Thorough but Have No Measurable Goals

In addition to the CCDF Plan, the Childhood Services Bureau has helped produce Montana-specific documents related to child care program priorities. This includes a 2019 Early Childhood Needs Assessment and Strategic Plan. The document encompasses all aspects of the early childhood care and education system, so not all the work is directly related to child care, but much is. Their assessment

resulted in 85 findings with corresponding recommendations, which developed the basis for their six overall goals with objectives, strategies, indicators, and a format for recording timelines. The six overall goals they set are:

1. Increase access to and participation in high quality early care and education across a mixed delivery system.
2. Montana has a confident and effective early childhood workforce.
3. The early childhood system is coordinated to support effective family assessment, system navigation, care coordination, and use of data.
4. Families are engaged and valued as partners in the early childhood system.
5. Communities make early childhood a priority, and act to support children's health, learning, and well-being.
6. Montana's early childhood system is structured to support policy alignment, strategic financing, continuous improvement, and accountability.

Goal Setting and Measurement Are Best Practice for Program Management

The federal Government Performance and Results Act (GPRA) was passed in 1993 and updated in 2010. It requires federal agencies to set long-term goals and objectives as well as specific near-term performance goals. The law defines "performance goal" as a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. This is a useful definition in discussing goal setting. The above plan goals are based on considerable and informative work but are not designed to achieve a level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared.

Lack of Measurable Goals Creates Unclear Program Outcomes

The documents identified by department staff as measuring CCDF success fall short of providing the necessary goals or measurement tools that can demonstrate the program has reached identified targets. Due to this, we found the department could not demonstrate meaningful outcomes in the distribution of CCDF funding. To be clear, this is not to say there are no meaningful outcomes to CCDF funding; there may or may not be. However, without measurable benchmarks for defining success and a structure identifying how the distribution of CCDF funding is aimed at reaching that success, the department cannot demonstrate the multi-million CCDF-funded programs are efficiently meeting the needs of Montanans.

Improper Payment Rate Reporting Includes Measurement Tools and Goals

There is an administrative example within the CCDF program with goals and measurement structure. It is the federally required identification of child care subsidy payments made to ineligible applicants. The total amount of all payments made to ineligible applicants is usually expressed as a percentage of the total dollar amount of all payments in the same period. This improper payment rate must be

determined and reported to the federal government every three years. If a state's rate exceeds 10 percent, it must create and follow a corrective action plan to achieve rate of less than 10 percent.

This is an example of a program with goals designed to achieve a level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared. An error rate under 10 percent is specific level of performance. It is tangible and measurable; the Federal Office of Child Care distributes specific methodologies for determining errors that states must follow. Actual achievement can be compared to it as a report must be submitted on June 30 every three years. It is a goal the department has achieved repeatedly recently by having a very low improper error rate.

DPHHS Management Working on Goals and Measurements

Upper management in the department is developing these kinds of goals and measurements throughout the department. None were yet in place for child care programs when fieldwork was occurring. Because the federal government has extensive reporting requirements related to CCDF distribution, DPHHS staff indicated they were doing everything necessary to report on the block grant funding. However, the CCDF plan and federal reporting requirement documents do not currently involve information related to goals met or outcomes of the program. There are currently no expectations by the federal government to determine if CCDF is successful in Montana. The Early Childhood Needs Assessment and Strategic Plan provides Montana-specific details regarding child care program needs but lacks a process to measure success toward addressing those needs.

The department is unable to demonstrate it is efficiently distributing CCDF resources to support Montanans' access to affordable and safe child care of their choice. There are no formal timelines against which to measure the activities of the program. The public and policymakers need to have context in which to review child care program activity and need to know how the agency determines the success of child care programs. The department should develop processes to define success and demonstrate outcomes.

RECOMMENDATION #2

We recommend the Department of Public Health and Human Services develop and document measurable goals of CCDF-funded child care programs using the most recent county-level risk assessment and other inputs, including timelines, measurement tools, and target levels indicating success.

Chapter III – More Work Is Needed to Protect Kids in Licensed Child Care

Introduction

We compared child care addresses and Sexual or Violent Offenders (SVOR) addresses and found three instances of an individual recorded on the SVOR residing at the same address where child care was licensed to be provided. The current child care licensing process needs an additional step to compare child care addresses with those of sexual and violent offenders. Also, we found management in the licensing program unaware of the proper response to information regarding a potentially dangerous situation at a regulated child care facility. We also recommend DPHHS increase its training of staff on the precise action to take when receiving this kind of information when its source is outside of DPHHS's official complaint process.

The safety of kids attending child care is a high priority for everyone we communicated with during this audit. DPHHS staff and others mentioned it frequently in interviews. Protecting kids from unsuitable adults was on the mind of congress when reauthorizing the federal Child Care and Development Fund Act (CCDF) in 2014, as it increased the number and variety of required background checks related to adults frequently interacting with kids in child care.

Survey Indicates Safety Top Concern of Parents

In our e-mail survey of parents, our opened-ended question regarding priorities, safety in regulated child care was stated first by 93 percent of respondents. The remaining 7 percent listed other concerns first, but safety was often included later in their response. One response to the open-ended question, "What do you think should be the priority among child care programs when funding decisions are made?" was "Having a safe place to leave my kids."

DPHHS Performs Variety of Background Checks to Keep Kids in Child Care Safe

The effort to keep unsuitable individuals from interacting with children at licensed care facilities takes place in the child care licensing function at DPHHS. The federal government requires a variety of background checks on child care staff and others interacting with kids in child care, including an FBI fingerprint review. There are also state-specific background checks required.

Our review focused on a Montana-specific check. We looked at whether registrants of Montana's SVOR were living at the same address where child care is licensed to be provided. If this occurs, it is cause for denying or removing a child care license according to administrative rule. The rule states, in part, that the department shall deny or suspend a license upon finding that the applicant or licensee or a member of the applicant's or licensee's household or any person staying in the facility on a regular or frequent basis has a conviction for a serious crime, such as but not limited to homicide, sexual intercourse without consent, sexual assault, aggravated assault, assault on a minor, assault on an officer, assault with a weapon, kidnapping, aggravated kidnapping, prostitution, robbery, or burglary, which are convictions included in the SVOR.

Three SVOR Registrants Living Where Child Care Is Licensed to Be Provided

Our comparison of child care facility addresses and SVOR addresses found three instances of an individual recorded on the SVOR residing at the same address where child care was licensed to be provided. In discussing these three specific instances with the department, we found two of the providers were no longer licensed to provide child care in Montana. However, during the time period they were licensed, a SVOR registrant was residing at the same address where child care was licensed to be provided. The third child care provider had renewed their license and based on their file activity, was still providing child care.

Department Staff Unclear About how to Respond to Information Received Outside Official Complaint Process

When later asked what happened when the department contacted the provider with a renewed license, DPHHS staff responded they had not contacted the provider. They added that because the department had not received an “official complaint” about the situation, and they can only follow up when they receive an official complaint.

Some DPHHS management agreed with this assessment, noting they were not sure if the department had the authority to check on the situation. Others in management disagreed and stated the correct response would have been for the department to investigate the situation immediately. DPHHS needs to increase training for their staff, including what to do if information about a potentially dangerous situation is reported to the department outside of the usual complaint process. The SVOR registrant living at the licensed child care facility changed their address in the registry over the course of audit fieldwork and no longer listed the child care address as their residence.

Specific Convictions Require Offenders to Registry on the SVOR

The SVOR is maintained by the Montana Department of Justice (DOJ). It requires sexual and violent offenders to register with law enforcement. This information is then placed in the statewide registry that can be searched via DOJ’s website. Searching is possible by name or address.

DPHHS Needs to Use all Available Tools Related to SVOR

After reviewing the department’s licensing process, we found DPHHS was not using all the tools available to it related to the SVOR. Staff were not comparing the addresses of child care locations to the addresses of SVOR registrants, which is possible to do on the DOJ registry website. The department currently uses the website for checking the registry for names of child care staff.

DPHHS Compares Disclosed Individual Names to SVOR but not Child Care Addresses

The current child care licensing process does not include checking child care addresses against the SVOR registry. Instead, it depends on the disclosure by the applicant of individuals residing in the home. In the three instances we found an individual in the registry living at a child care location, none had been disclosed by the applicant as required. Checking the child care address against SVOR addresses will detect individuals not disclosed by the applicant.

Child care applicants already provide the addresses of child care locations, and DPHHS staff would use the same website to search the SVOR for the child care address. DPHHS management generally agreed this is needed but some voiced concerns the department did not have the authority to check addresses because they do not receive releases from applicants to do so. Part of the current application process includes applicants returning signed release forms related to checking the SVOR against submitted names. In reviewing the relevant statutes and rules, LAD found no need for either name or address release forms.

RECOMMENDATION #3

We recommend the Department of Public Health and Human Services:

- A. *Change child care license/renewal process to include a check of the child care address against the Sexual or Violent Offender Registry.*
 - B. *Develop and document training and train staff on the correct action to take when information is received regarding a potentially dangerous situation at any child care.*
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DEPARTMENT OF PUBLIC
HEALTH AND HUMAN
SERVICES

DEPARTMENT RESPONSE



Department of Public Health and Human Services

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Greg Gianforte, Governor
 Charles T. Brereton, Director

September 7, 2022

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SEP 07 2022

LEGISLATIVE AUDIT DIV.

Angus Maciver
 Legislative Auditor
 Office of the Legislative Auditor
 State Capitol, Room 160
 Helena, Montana 59620-1705

Re: Distribution of the Child Care and Development Fund Audit Recommendations

Dear Mr. Maciver:

The Department of Public Health and Human Services has reviewed the *Ensuring Montana's Child Care Is Affordable, Accessible, and Safe: Distribution of the Child Care and Development Fund* audit report completed by the Legislative Audit Division. Our responses and corrective action plans for each recommendation are provided below.

Recommendation #1:

We recommend the Department of Public Health and Human Services conduct and document annual assessments of child care needs based on demographic information of each county and use this data to inform funding distribution decisions.

Response: Concur

Corrective Action:

The Department will develop a data strategy plan, including processes and procedures for regular data updates, to inform funding distribution. At a minimum, the data strategy plan will include:

- Periodic review of county-level data;
- Analysis and incorporation of Department-administered program data including SNAP, TANF, CACFP, and WIC; and
- Analysis and incorporation of data from programs administered by other State agencies as available, including free and reduced lunch data.

Processes and procedures will be developed to consistently incorporate this data into policy decisions, expenditure allocations, target setting, and monitoring. The data will inform decisions both internally and with the contracted Child Care Resource and Referral (CCR&R) agencies.

The Department data strategy plan will be supported by other program-related research and analysis to ensure continued integration of data-informed decision making in work plans and funding distribution decisions. Additional inputs to the strategic plan for distribution of CCDF funds include:

- Montana's Early Childhood Strategic Plan (published 9/2019);
- Child Care Supply and Demand papers produced by the Montana Department of Labor and Industry and Kids Count;
- Licensed child care provider surveys (most recently conducted in 2022); and
- Montana's federally required CCDF State Plan

Planned completion date: March 2023; continuous data analysis and assessment ongoing

Recommendation #2:

We recommend that the Department of Public Health and Human Services develop and document measurable goals of CCDF-funded child care programs using the new annual county-level risk assessments and other inputs, including timelines, measurement tools, and target levels indicating success.

Response: Concur

Corrective Action:

Guided and informed by the data strategy plan described above, the Department will develop and monitor measurable goals based on the observable county-level risk assessment data. The Department will continue the use of the CCDF State Plan, which includes agency action items and goals, as the mechanism for documenting these objectives. The Department will monitor progress towards goals and targets quarterly.

Planned completion date: December 2022

Recommendation # 3:

We recommend the Department of Public Health and Human Services:

- A. Change child care license/renewal process to include a check of the child care address against the Sexual and Violent Offender Registry.
- B. Develop and document training and train staff on the correct action to take when information is received regarding a potentially dangerous situation at any child care.

Response: Concur

Corrective Action:

The Department will update the initial license and renewal processes to include a check of the child care address against the Sexual and Violent Offender Registry. Policies and procedures related to this change will include actions to be taken when a match is identified. Licensing staff will be trained on the updated policy changes initially, and as part of ongoing refresher training on child care licensing policies and procedures.

Planned completion date: December 2022

The Department thanks the audit team for their work on this audit. We appreciate the recommendations aimed at strengthening the provision of child care services in Montana.

Sincerely,



Charles T. Brereton

Director

Department of Public Health and Human Services

cc:

Erica Johnston, Executive Director, Economic Security Services

Tracy Moseman, Early Childhood and Family Support Division Administrator

Chad Hultin, Audit Liaison